Managing vendor risks in a complex supply chain: A case study of a global consumer goods manufacturer



Aays

$2Mn
of productivity improvements

40,000
vendor risk profiles generated

A multi-billion-dollar global consumer goods company with a complex supply chain sought a solution for managing vendor risks efficiently. The implementation of our solution resulted in enhanced visibility into vendor risks. With comprehensive vendor risk profiles readily available, the customer could proactively manage risks, prevent disruptions, and maintain business continuity. They experienced estimated cost savings of $2 million, attributed to prompt risk identification and mitigation, and improved productivity.



COMPANY

The client is a multi-billion-dollar global consumer goods company, producing some of the world's best-known brands in confectionary. They have operations in over 80 countries; and their products are being sold in over 130 countries. They have a complex and extensive supply chain that involves sourcing raw materials from multiple countries, manufacturing products in various locations, and distributing them to customers around the world.

CUSTOMER NEEDS

Efficient vendor risk profiling:
The customer needed a solution that can generate comprehensive vendor risk profiles for a significant number of vendors (approximately 40,000) efficiently. The ability to extract data from multiple systems and create a unified vendor profile was crucial in gaining a holistic understanding of vendor risks.

Proactive risk identification:
They needed a solution that can quickly analyze multiple parameters and identify vendors with high-risk levels.

Streamlined vendor risk reporting:
They required that the solution should simplify the process of generating vendor risk profile reports.



CHALLENGES

1. Complicated and segregated data landscape:
The data environment was intricate and fragmented, necessitating a sophisticated data architecture solution for efficient management and analysis of large data volumes. Extracting valuable insights from the extensive and diverse data structure posed a significant challenge.

2. Integration of data from multiple ERPs and software:
The integration and harmonization of data from various planning tools and software, including SAP, CFIN, and Anaplan, further contributed to the complexity.

3. Data inconsistencies:
There were inconsistencies in vendor profile names across different systems.



OUR APPROACH

In addressing the challenge of managing vendor risks within a complex supply chain for a global consumer goods manufacturer, our approach focused on comprehensive analysis, and providing insights for proactive risk management. Here is the approach we followed:

In-depth vendor assessment:

We conducted a thorough assessment of the vendor landscape within the client's supply chain. This involved gathering data from multiple sources, such as vendor management platforms, financial records, and compliance databases. By analyzing a wide range of vendor-specific information, we gained a holistic understanding of the key risk indicators (KRIs) for doing the vendor risk profiling.

Risk profiling:

Utilizing the gathered data, we developed a robust risk profiling system. This involved creating a standardized framework for evaluating vendors based on various parameters/ KRIs, including financial stability, compliance history, operational capabilities, past performance, etc.

Continuous monitoring and evaluation:

Recognizing that vendor risks can evolve over time, we implemented a system for continuous monitoring and evaluation. This involved periodic reassessment of vendors, tracking key risk indicators, and identifying emerging risks.



KEY FEATURES OF OUR SOLUTION

- **Vendor risk profile generation:**
  Our solution enables the generation of vendor risk profiles for a substantial number of vendors by extracting data from different systems. This comprehensive approach ensures that all relevant information is considered when assessing vendor risks.

- **Fuzzy score creation:**
  To tackle the challenge of inconsistent vendor profile names across multiple systems, our solution incorporates a fuzzy score mechanism. By employing advanced algorithms, we standardize vendor profile names, ensuring accuracy and consistency in risk assessments.

- **Easy generation of complete vendor risk profile:**
  With just a single click, our solution generates complete vendor risk profiles based on multiple parameters. This significantly reduces the time taken by the vendor risk team to compile and publish vendor risk profile reports. The streamlined process allows for faster decision-making and enhanced efficiency.

- **Proactive vendor risk identification:**
  Our solution facilitates faster identification of vendors that require immediate action to mitigate various types of risks. By analyzing multiple parameters, such as compliance records, financial stability, and performance metrics, our solution enables the vendor risk team to prioritize their efforts effectively and take timely action.



BUSINESS OUTCOMES

By implementing the vendor risk management solution, the global CPG company experienced the following business outcomes:

- **Efficient vendor risk profile generation:** The solution enabled the generation of vendor risk profiles for a substantial number of vendors, approximately 40,000, by extracting data from six different systems.

- **Enhanced and quick visibility:** The solution provided the vendor management team with quick visibility into vendor risks, enabling them to monitor and address potential issues promptly.

- **Productivity improvements:** The streamlined processes, automated reporting, and efficient risk identification enabled the vendor risk team to allocate their time and resources more effectively. This had a direct positive impact on productivity, resulting in estimated cost savings of $2 million for the customer.

- **Risk mitigation:** With comprehensive vendor risk profiles readily available, the customer could proactively identify and mitigate risks. By taking immediate action on high-risk vendors, they could prevent potential disruptions, safeguard their reputation, and maintain business continuity.





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Aays Analytics is a boutique AI & data consulting firm which specialises in democratising data science and ML in corporate finance space. We partner with global conglomerates having large, complex data footprints and help them contextualise their data science journey with deep functional focus. Since our inception in 2018, we have solved some of the most complex business problems faced by fortune 1000 and fast-growing companies in the world utilising big data, cloud computing, and AI/ML.

We are backed by a strong management team with IIT/IIM background and over a decade of industry experience with fortune 100 companies. We are ranked among the top 5 fastest growing companies in Analytics India magazine's (AIM) list of the best data science providers in India for 2022.